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DISPATCH NO.

Lincoln
(HGEA 1063)

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CLASSIFICATION

27

MAY 7 1954

TO : LINCOLN

DATE:

FROM : Chief of Station, Guatemala *Z*

INFO: Chief, WHD;

SUBJECT: GENERAL— Operational - K-Program

SPECIFIC— () > Second Meeting

Reference: ()

1. Attached is an account of () second meeting with ()
2. Information contained in this dispatch will not be communicated, with or without source attribution, to personnel outside of KUBARK, without the prior approval of Lincoln.

8 May 1954

()

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FORM NO. 51-28A
MAR 1946

13 MAY 1954

1. The second meeting between () and () took place on 5 May, again attended by () serving as an interpreter, in the () The meeting lasted from 9 a.m. until 12 a.m. Its purpose was to communicate to () the views and comments of the consejo made in respect to some of the basic issues that had come up during his first meeting with () On 3 May () had advised () that () would be back from abroad with the consejo's instructions and a meeting was laid on for 5 May. At the preliminary meeting between () and () nothing of importance transpired. It may be significant though that () queried () as to the impression which he () had made upon () in reply stated that the very circumstance that () was coming back to Guatemala a second time seemed to suggest that the consejo does not entertain any doubts regarding his bona fides. () once more briefly alluded to the reasons for () refusal to meet () and in this connection mentioned that () had referred to CALLIGERIS as a "jailbird."
2. The brief purportedly reflecting the views of the consejo () was read to () in toto on 5 May 1954. He did not take exception to any of the specific points raised and it should be noted as particularly gratifying that, in commenting upon paragraph 11 he observed that this was "stating the obvious." Apparently, therefore, he no longer believes that a "point of honor" is involved. Only actual performance will prove whether this inference is correct.
3. Before any substantive problems could be discussed, () himself brought up a newspaper report concerning the capture of two Guatemalan citizens, charged with having smuggled people out of the country. () mentioned that a C-2 report, which he had read the day before, clearly proved that these two individuals had been acting under CALLIGERIS' instructions. () stated that he was not familiar with this case, but would not deny that the C-2 report was accurate. There were many more recruiters in Guatemala, acting on behalf of CALLIGERIS, and it could not be avoided that some of them fall by the wayside. () took this opportunity to suggest to () that he not be unduly impressed by similar compromises and setbacks which in an operation of this type are bound to occur. The enterprise in which we were engaged was of such scope that losses of this type, painful though they may be, could be easily amalgamated. On the other hand, () pointed out, the consejo resented deeply that some of its co-workers had been subjected to torture by the Guardia Judicial, a charge which could be clearly laid at the doorstep of () () remarked that the Junta had reserved for () the highest lamp post in Guatemala City). () commented that () from personal knowledge, he knew that he was now under the complete sway of the communists.

4. () assured () that he would dedicate himself to the task of spreading the gospel of resistance among officers upon whose anti-communism he could rely. In fact, he had already done so prior to meeting (). By way of illustrating what he could accomplish, he mentioned that he had discussed the () fiasco with a close friend (unidentified) who had urged him not to take "no" for answer but really go to work on him. The "unidentified" close friend incidentally is presumably one of the ().
- () By way of expatiating upon the need for personality information concerning officers, () cited the case of (), who at one time had collaborated with the Americans, about whose anti-communism at that time no possible doubt could be entertained, but who in the meanwhile had been displaying significant symptoms of indecision. () observed that he knew () who had been C-2 ().
- () had at one time hitched his wagon to the star of a former chief of the armed forces named PAZ Tejada whose tortuous political career, after a visit behind the Iron Curtain which apparently removed his last doubts about communism, eventually landed him in the communist fold. PAZ Tejada, an engineer by training, did not at present occupy any official position. As a matter of fact, as far as the Army was concerned, he was washed out for good. () believes that (), whom he considers basically anti-communist, may in his somewhat ambiguous attitude reflect the transmutations of his former chief and close friend PAZ Tejada.
5. In addition to () the following ranking Army officers were discussed:
- a. () He is the () and not to be trusted. In order to illustrate the solicitude with which the Americans will be watching over () personal security in the future, () related to him a (strictly notional) incident involving (). At a recent meeting between him and an American (not identified by position or name) () tried to find out whether there existed any unofficial contacts between () and the Americans, using the rather crude gambit of recommending to the American opposite that, if no such contact existed, it might be worth establishing. According to () (notional) story the American disavowed all knowledge of such contacts and in fact stated that () record inspired no confidence whatsoever. () was noticeably impressed by this story and it is our feeling that intended point was successfully put across.
- b. () () takes an excessively dim view of him. He has strong presidential aspirations, is a professional

intriguer and should under no circumstances be trusted. () confirmed that this was also the consejo's opinion and added, as a notional account, that () had in the presence of various people mentioned () as a prominent foe of the regime.

c. (). He is an anti-communist, but not a man who would take any chances whatsoever in standing up for his principles. He failed miserably during the ARANA crisis.

d. Colonel Oscar ~~X~~ORALES Lopez. Not trusted by () Played a double game during his tenure as Military Attaché in Washington where, instead of contracting for military supplies, he kept playing Colonel ARANA with confidential information.

6. As you will note, none of the individuals mentioned above are in any way associated with CALLIGERIS. It is () belief that () in the further development of our operational relationship, can be brought to the point of priming certain individuals singled out for recruitment into (). () did not want to go ahead with this scheme without prior headquarters approval. As you no doubt realize, this would introduce () into the very vitals of our enterprise. It furthermore would furnish a direct tie-in with CALLIGERIS, and unavoidably tip off CALLIGERIS as to the fact that () has joined the team (this latter consideration should, however, not be considered overriding).
7. In the course of our conversation a number of rather interesting topics were discussed, some of which in () opinion clearly point along what lines the capabilities of () had best be developed. Although the point is at this stage academic, it should be noted that () once more brought up the issue of CALLIGERIS. After flatly stating the position of the consejo () resuscitated the issue, prefacing his remarks by the assurance that it was not his intention to do any missionary work on () and that he was fully conscious of the depths of the chasm that divides CALLIGERIS and a certain element in the Guatemalan generalidad. However, () might as well know that () initial approach was made on the strength of a written report submitted by CALLIGERIS, stating in completely unequivocal terms that () was a man to be trusted - period. () was momentarily taken aback and proceeded to comment (a slight deviation from his original position) that personal issues were not actually predominant, but that national problems were involved in the controversy. () did not choose to inquire: "What national issues?" although very likely this derives from ineradicable suspicions that CALLIGERIS is in this primarily to further his own ends. () further stated that he could well

IMAGINE what prompted CALLIGERIS to express such flattering sentiments. CALLIGERIS, like others, must be aware of the fact that () is not and never has been motivated by political ambition. CALLIGERIS may, or may not, know that () was fully informed about the planned prison break, three months before it took place. During CALLIGERIS' incarceration, CALLIGERIS' wife looked up () on repeated occasions to ask for advice and intercession. () rather brusquely wound up our discussion of this issue (which noticeably embarrassed him) by stating that he certainly valued CALLIGERIS' opinion of himself. () stated: "I regret that I am prohibited from passing on your sentiments." It is () impression that the dominant role played by CALLIGERIS in PS-SUCCESS, is no longer an insuperable barrier as far as the enlistment of () cooperation is concerned. We should, however, continue to tread gingerly and bear in mind that the scar is covered by a very thin scab indeed.

8. Rather out of context, () inquired of () what he knew about the Salamá upris ()

() answered that all he knew about that fracas was that it had been led by a prominent Guatemalan publicist, now in exile in the United States. Did () know whether certain Guatemalan exiles now in Mexico had been implicated? No. - Did () consider it possible that this affair had actually been instigated by the communists in order to ride in on the wave of its quelling? No. However, () was aware that it was a favorite communist stratagem to convey by subtle innuendo that "they knew all about it and could have stopped it." () added that he was certain that this particular fiasco could not be laid at CALLIGERIS' doorstep and () gave affirmation.

9. The next question, likewise out of context, was whether was familiar with the circumstances surrounding the fall of General PONCE? No. Had () ever heard of events that took place in Patzicia at that time? No. Immediately after PONCE's fall, the campesinos had risen in that particular community and had massacred the ladinos, at least one instance wiping out a whole family. It had been noted before by both () and () that any indications of a possible campesino uprising are being recorded and weighed very carefully by () at each meeting, with () alone and in the presence of () this issue came to the fore. In the case of the Patzicia uprising, it happened that General PONCE had been assiduously cultivating the campesinos in that particular district, holding out all kinds of promises. When therefore General Ponce was overthrown, it was comparatively easy to agitate among the campesinos, convincing them it had been the General's progressive approach to their problems that precipitated his fall. () fails to recollect whether () attributed this agitation to communists).

10. It should be noted that () is looking at the threat posed by an aroused peasantry from two angles. On the one hand he is aware of communist plans to develop selected campesinos into a paramilitary force, to be committed in combatting a counter-revolutionary uprising. This contingency, he feels, the Army will have to cope with and he in fact believes that the quelling of a campesino uprising, more than anything else, may solidify the Army in its opposition to the regime. But he is also concerned about the probability of local, possibly spontaneous, campesino uprisings resulting in the massacre of outnumbered ladinos and finca owners. In () opinion, this dread of unleashed campesino forces, is a very real one among the still ruling classes of Guatemala, less in urban centers than in the provinces. () expressed hopes that the Junta's propaganda effort will take cognizance of this very real danger. () inquired whether assurances that the Agrarian Reform would not be undone might help, and () commented that the Government's assurance to cope with any emergency rested squarely on the belief that they had been successful in convincing the campesinos that all they had been gaining under a progressive regime would be lost in case of successful outside intervention. () urged us not to underestimate the successes of the government along those lines. () promised to pass on his observations verbatim to the consejo.
11. In the course of our conversation, () remarked that during the last three years he had been studying communist techniques very closely. (In this connection, it appears significant that he refers to the Guatemalan government as a communist government, without qualification. () is of the firm conviction that the communists are on the road to success and that their methods of perverting the constitution for their own ends had been eminently successful, so much so that the formation of a "front populaire" is now only a question of time. At this stage already, the coalition parties could no longer put up a candidate for congressional election without the approval of one of the communist mass organizations. Questioning brought out the fact that () is convinced that ARBENZ will succeed himself. What will happen - he is certain - is that the communists will organize a public (not necessarily constitutional) referendum, backing a spontaneous demand for a constitutional amendment permitting the President to succeed himself. There is, in ()'s opinion, no one who could possibly succeed ARBENZ and satisfy Communist insistence upon a predominant voice in the management of the affairs of the nation.
12. () mentioned that he had learned from an absolutely reliable source that the communists are indoctrinating campesinos from the nationalized, but also from privately owned fincas, giving them specific instructions on what to do during an uprising against the regime. These indoctrination classes are

being held in the headquarters of the CGTG in Guatemala City. Elaborating upon a statement made during the previous meeting, () explained that the Escuintla mobilization of campesinos took place during the ARAHA crisis. The campesinos - approximately 10,000 - foregathered from the districts surrounding Escuintla, but were not issued arms. () was consulted at the time whether the campesinos should be brought to Guatemala City to strengthen the Government's hand in coping with local unrest resulting from the liquidation of Colonel ARAHA and he immediately vetoed the plan.

13. () is convinced that in an emergency the campesinos will be mobilized, not only in Escuintla. He also believes, but has no concrete evidence to back this up, that the communists have been training special shock troops which will put in an appearance and which may be used to stiffen the backs of the campesino rabble. In answer to specific questioning, () stated the following:
- a. Most campesinos, especially in the Escuintla area, know how to handle a rifle, because of the fact that a lot of deer hunting is going on in that area.
 - b. The campesinos are not capable of human wave attacks and meeting up with determined Army resistance are bound to disperse.
 - c. All conceivable means of transportation will be used to bring the campesinos to Guatemala City, but mostly the railroads are available.
14. In offering some remarks on the propaganda line which, in his opinion, the Junta should follow, () stressed as important to plug the "Unity of the Army" theme. Although his explanation was somewhat confusing, the underlying thought appears to be the following: The gravest threat to the success of our endeavor is Army divided against itself. By stressing the importance of complete solidarity of the armed forces, and in conjunction therewith underscoring the overwhelming anti-communist sentiment in the armed forces, our propaganda will strengthen the Army's back without inciting to rebellion or attacking the government. In other words, he seems to think that the slogan of "Army solidarity" will per se militate against the President's untrammelled control over the Army, provided (this is () conclusion) it has been made clear to the Army that the uprising is directed against communism. Conversely, () infers, () and his associates would resent the plugging of any themes, suggesting that the officers' corps has sold out to communism, thereby attempting to drive a wedge between officers and enlisted ranks.
15. Paragraph 12 of (), instructing () to furnish information of a specified kind, was explained to () along the following lines: The Junta was in need of up-to-date information, indicating the steps the government proposes to take in case of an uprising, what advance information the government has been able to gather on our plans, what outside help from

Iron Curtain and other countries the government is getting or expects to be getting. By way of illustrating what the consejo has in mind regarding "outside help," () related to () that there had been a recent flurry of rumors regarding the alleged bringing in to Guatemala of planes of Czech (or German) manufacture, flown by Czech pilots, also that runways had been readied to service those planes, pointed out to () that this type of information was reaching us all the time and while we were inclined to deprecate its value, we could not afford to ignore it. The Junta was also conscious of the existence of a government project designed to spread deceptive rumors for purposes of harassment and to saturate the facilities of American information services in trying to track them down. For that reason the consejo wishes to solicit his cooperation in reporting such rumors and in advising us whether serious consideration should be given to their possible truthfulness.

16. () while conceding that war materials could be brought into the country without his ever finding out about it, expressed some doubt regarding the foundations of the "Airplane" rumor. To the best of his knowledge, the only arms shipment reaching Guatemala recently had been two hundred tommy guns of Swedish manufacture, which had been issued to the Guardia Civil. He knew that arms were on order and that several arms shipments had allegedly been intercepted and confiscated in Europe (Italy?). () assured us that he would keep his eyes and ears open and report any pertinent information. () confirmed that arms could be cached in Poctun in comparative secrecy inasmuch as this location had been completely abandoned. Whether the airfield at Poctun could accommodate jet planes he was in no position to affirm or deny inasmuch as he did not know what kind of a runway would be needed. () mentioned the facilities of the Sarstun River, 75 kilometers of whose course are navigable. () further expressed the opinion that a more likely location for hidden arms, planes etc. would be the finca of President ARBENZ. Rumors, linking the improvements of a road passing ARBENZ' finca with plans to import jet planes, failed to impress (). Although this particular road happened to be completely straight for a total length of 60 km (with only one bend at the halfway mark) it had not as yet been asphalted, although this was being projected. () emphasized that his information was based on personal observations and on talks with the engineer in charge of the project.

17. While on the subject of arms exports, () mentioned to () that certain Americans in undefined positions had been approached by their Guatemalan friends with the following kind of argument: "You Americans are fools. By denying the Guatemalan Army supplies you are weakening and antagonizing the very element on whose support in defeating communism you will have to count." () reaction was prompt and outspoken. The withholding of arms, he stated, may antagonize

THE Army. However, it would be extremely unwise at this stage to furnish any arms whatsoever unless the Americans have the absolute assurance that they will not be used in defense of the communist regime. () commented: Can such assurances be obtained? and () answered in the negative. Any shortages, () averred, should not be blamed on the Americans but on the improvidence of the government which until recently had not considered it necessary to budget for arms purchases. In reply to () question whether the armed forces with equipment and material now on hand could successfully cope with a communist instigated campesino uprising, () remarked that in the absence of reliable information regarding the strength and armament of communist shock troops, he could not give a reliable prognosis. He denied that () ex officio collects this type of information and was unable to answer () question what potentially friendly sources in the government can be presumed to know about these matters. He did request, however, that any data pertaining to paramilitary activities and preparations be furnished him so that he could pass them on to (). () avoided committing himself on this issue.

18. () was told again that the consejo had absolutely no misgivings about his communicating freely with (). One major consideration prompting () to make this statement was the incontrovertible realization that () will talk to whom he chooses and that to enjoin him from talking to () might alienate the latter from our cause. Besides, () is convinced that () as soon as more tangible evidence of the Junta's resolve and capabilities come to hand, will reconsider his attitude. (See also para 4 above). () has instructed () to consider favorably any request on the part of () to talk matters over with him, but not to evince any undue haste in accepting the invitation. () assured () that in his dealings with () and possibly (), he would be perfectly safe in leading from strength. It is understood, as a matter of course, that () will brief himself carefully prior to meeting with () if this should come to pass.

19. Passing reference was made by () to the military assistance pacts concluded with Honduras and Nicaragua. Just in case - it was pointed out to () - his friends should cite this in evidence of U.S. intent to goad Guatemala's neighbors into military intervention, he would go safe in assuring them that this is not so. For the very purpose of reassuring the Guatemalan Army, () told () "in strictest confidence" deliveries of contracted supplies had been deferred or broken down into small installments.

20. () asked whether it was true that CALLIGERIS was living the life of Riley (). The Guatemalan Military

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Attache had been turning in reports to that effect. ()
assured () that this was complete "rot." Inasmuch as
() worked closely with CALLIGERIS, we ought to know.

21. () told () that () was not in any way linked with the Junta, although he may wish to convey that impression. () in turn remarked that he had known () well and that he considered him an incurable egocentric (or words to that effect). In 1944, during the ARANA unpleasantness, () in all the fighting was over him. () expressed strong doubts whether () ever again would set foot on Guatemalan soil. (In this connection it may be appropriate to supply a quote, originating with an () acquaintance who knew () intimately: "He likes to eat his dish, but he doesn't like to prepare it."

22. The subject of ()'s security came up in a number of contexts. () is loath to have any further meetings in () where the governor knows him. () pointed out to him what mechanics of future meetings between him and (), who would be the channel between him and the consejo, should be worked out by them jointly. ()'s question whether there would be any further meetings with (), was answered in the negative. It was pointed out to him that meetings with () would augment the security hazards which normally attend to an operation of this type. It was emphasized that () enjoys the fullest confidence of the consejo. ()'s request for information would be met to the best of our abilities. He need not worry about the security of the communications between consejo and (), this being a matter we felt confident to handle in a professional and secure fashion.

23. The meeting ended on a note of cordiality. ()

() carried away from this meeting the strong impression that () is irrevocably committed to aid our cause. Thus far symptoms of a double game have not been in evidence. Doubtlessly, if this be a controlled, professionally run operation, the government would not choose to bring about an early denouement and continued vigilance will be in order. However, () doubts whether the Guatemalan intelligence service has the capability and can muster sufficient operational finesse to carry through an operation as intricate as this one would be, without showing its hand sooner or later. Besides, it would be nothing short of a masterpiece of defection, to get a man of ()'s antecedents to the point where he is willing to prostitute himself in behalf of a cause which, his whole record shows, he detests. () knows what the wages of discovery would be. He is certain that assassination rather than exile would be resorted to. He has a family (), and is not going to expose them to the ignominy which would be the result should he betray the cause.

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24. (), who is going to take over the operation as of 7 May, has been fully briefed. He has further been assured that as heretofore Lincoln guidance will be forthcoming and that every effort will be made from that end to afford him sufficient latitude in determining the operational handling of this case. There can be no doubt that () has carefully absorbed everything () has told him about PBSUCCESS and that major deviations in subsequent presentations will be noted by him. We are fortunate in having () as our go-between who has shown an intelligent appreciation of the issues involved and who can be relied upon to interpret any instruction in the spirit it was issued.
25. It would be premature to base on our talks with () any estimate of our chances of success in attaining the objectives of PBSUCCESS. There is little doubt in () mind that the PBSUCCESS concept as explained to () came as complete news to him and that, if it weren't for the bitter pill of CALLERIS' role in the Junta, he might have shown a great deal more enthusiasm. What finally swayed him, we believe, was the fact that for the first time he encountered a workable concept represented to him as in a stage of advanced implementation. Being a realist, he may have realized the futility of embarking upon any peripheral enterprise rather than aligning himself with what no doubt impressed him as a workable scheme. Under the circumstances, the disastrous consequences of a fizzle (not necessarily of an abortive coup), as far as the continued willingness of people of () ilk to join in any further kind of conspiratorial activity is concerned, need not be elaborated upon.
26. You are hereby requested to allocate for this project a monthly sum of \$1,000.00 to cover all operational expenses incidental to running () and (). This allocation will serve to cover expenditures such as transportation, entertainment, rental of safe houses etc. Should the need arise, the station would like to provide () with a vehicle, and authorization is hereby requested for its procurement at the station's discretion.
27. No formal commitments have been made, but () was informed orally by () that "we" consider it a moral duty to aid him and his family, should circumstances resulting from his operational work force him to go into exile. Should he get killed in line of duty we would undoubtedly render equitable support to his wife and children. You may wish to set aside an additional \$9,000.00 for future contingencies in order to meet any specific obligations the agency is prepared to undertake.
28. No commitments were made to (). No doubt, under similar circumstances, the agency will see to it that he is accorded political asylum and that he does not become a public burden.

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29. No operational equipment is required at this stage. We presume, however, that implied in the approval of this project is the authorization to issue (and to instruct him in its use. We would also appreciate if headquarters could look into the question of availability of a concealment device for non-bulky documents, (), and - if available - to forward it soonest.

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